

Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

DATE: May 28, 2002

To: People Interested in the Cliffs Energy Project Interconnection

Bonneville Power Administration (BPA) has been asked by GNA Energy, LLC (GNA) for services allowing interconnection and transmission of electricity generated from the Cliffs Energy Project (CEP) to the Federal Columbia River Transmission System (FCRTS). This letter explains what is being proposed, BPA's role in the project, and the environmental analysis related to the project. BPA invites you to provide any comments you have regarding the decision BPA will need to make on this project. This letter tells how and where you can provide comments and who to call if you have questions.

Proposal: The CEP is 0.5 mile west of the Goldendale Aluminum Company's smelter just off State Route 14 in Klickitat County, Washington. Components of the project to be built by GNA include:

- a combined cycle generation plant located on 9 acres of land zoned for industrial use;
- 5 miles of new natural gas pipeline;
- 700 feet of new single-circuit 230-kilovolt transmission line between the plant and BPA's Harvalum Substation;
- new pipeline to deliver raw water from existing water towers; and
- new pipeline to convey wastewater to an existing wastewater treatment facility for Goldendale Aluminum Smelter.

BPA proposes to integrate the 300-megawatt power-generation project into the FCRTS at its Harvalum Substation, adjacent to the Goldendale Aluminum Company smelter. BPA would connect the transmission line from CEP into a line terminal at the Harvalum Substation. A line terminal would include the installation of one dead-end tower, a breaker, three disconnect switches, and one bus tube inside the fenced area of Harvalum Substation. This project is one of many proposed generation projects currently being considered for integration into the FCRTS. Power generated at the CEP will be available for purchase in the wholesale power market.

Background: Klickitat County is the lead agency in conducting environmental analysis of the CEP under the Washington State Environmental Policy Act (SEPA). The county will issue a Mitigated Determination of Non-Significance (MDNS) for the project on June 6, 2002. GNA is in the process of receiving all the required permits from Washington State air and water quality regulation agencies. Mitigation for CEP will comply with the requirements of Washington's SEPA and regulatory agencies.

BPA operates consistently with the Federal Energy Regulatory Commission's *pro forma* open access tariff. Under this tariff, BPA offers transmission services, including interconnection of generation, to all eligible customers on a first-come, first-served basis. BPA's interconnection of a generator is subject to National Environmental Policy Act review, which is currently under way. Consistent with the tariff, BPA's practice is to grant interconnection to any eligible customer that complies with BPA's financial and technical requirements, complies with all permits received, and undertakes appropriate mitigation activities.

BPA has completed the BPA Business Plan and Business Plan Environmental Impact Statement (BP EIS) (DOE [Department of Energy]/EIS-0183, June 1995). The decision to offer terms to integrate CEP must be

consistent with the Business Plan Record of Decision (August 15, 1995). The BP EIS examined six alternatives as they relate to meeting the regional electric energy need in the dynamic West Coast energy market. The analysis focused on the relationships among BPA, the utility market, and the affected environment. The evaluation, which included transmission as well as generation, compared BPA actions and those of other energy suppliers in the region in meeting that need (BP EIS, section 1.7).

Opportunity to Comment: If you would like to comment on this proposal, there are several ways to do so:

- Call our toll-free number 1-800-282-3713, or my direct number 503-230-3796; you may leave a message with your comment if I am not available when you call (please include the name of this project);
- send an e-mail to: comment@bpa.gov;
- mail comments to: Bonneville Power Administration
Communications - KC-7
P.O. Box 12999
Portland, OR 97212;
- FAX a comment or letter to 503-230-3285. Please include your name and the project name.

All comments must be received by BPA before close of business on July 8, 2002.

Process/Schedule: Following close of the comment period, BPA will respond to substantive comments on this project. A Record of Decision, including responses to your comments, is expected to be issued by the end of July 2002.

For More Information: You can check our website at www.efw.bpa.gov for information on this project. If you would like further information, please call me at the toll-free or direct numbers noted above, or contact Mike Raschio at (360) 418-8695.

Sincerely,

/s/ Donald L. Rose 5-28-02

Don Rose
Environmental Project Manager